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NORTH ROCK EXPLORATIONS LTD.
1967 annual report



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NORTH ROCK EXPLORATIONS LIMITED

Suite 507 - 55 York Street, Toronto, Ontario

— 362-3283

DEAR FRIENDS:

The past year has been one of continued progress for your Company with attention centred on the exploration of your Company's 17 claims in the Elliot Lake-Blind River uranium camp, plus additional staking in this camp and a new addition of mining claims in the Richmond Gulf area of northern Quebec.

Under the agreement signed with Green Valley Mines Limited two surface diamond drill holes and two wedge holes were completed at a cost to that Company of \$50,000.00. This earned Green Valley a 50% interest in the property. Then in November, 1967, an agreement was entered into with Stanrock Uranium Mines Limited whereby that Company would expend the sum of \$25,000.00 in diamond drilling that would, in turn, earn them the right to option the group of claims. The agreement allows Stanrock a period of 10 years, after the expenditure of \$25,000.00, or before the end of the calendar year subsequent to the calendar year 1972 in which sales of produced uranium oxide are made on the Free Market in substantial quantities at a price of not less than \$13 per pound, whichever may be the earlier date; Stanrock, in addition to the \$25,000.00 noted above, shall have either spent or firmly committed itself to spend the sum of \$120,000.00 on the exploration of the property.

On completion of the above, Stanrock shall then be entitled to receive a 51% interest in the property with the remaining 49% being shared equally by North Rock Explorations Limited and Green Valley Mines Limited.

At the time of this writing Stanrock has completed the R-8 hole at a depth of 2394'. The hole cut a reef section between 2273.6 and 2287.0, but assay results were not economic, according to a report to your Company in the latter part of February. The best sample assayed 0.8 lbs./ton U308. The result, according to the report, was more or less what was anticipated from the appearance of the material and the geiger readings on core. The report does state however that, "Although widely separated drill holes can be misleading, the character of the reef suggests that at this point we are on the outer fringe of the deposit where water action has resulted in the more complete packing of the quartz pebbles through an elimination of some of the matrix, and probably the attrition and removal of some of the heavy minerals. You may note that the thorium content is quite high relative to uranium and this is further indication that the reef in R-8 is on the fringe of the Quirke delta." The report further states: "Drill hole R-8 does indicate, however, that the reef persists well to the south and east of the other drill holes. No additional drill holes are recommended east of R-8 in view of the results obtained. Drill holes R-1 and R-2 are to be entered, cleaned out, surveyed and wedge cuts taken in the reef section as recommended earlier. "The report adds that as drill hole R-1 is located in the northeast corner of the property it is anticipated that better results will be obtained. At the time of this writing we are informed that wedge cuts and surveys have been completed on holes R-1 and R-2 and samples submitted for assay. It is hoped that results will be available for release to the shareholders at the Annual Meeting.

Additional Claims in the Blind River Uranium Camp — In view of the renewed interest in uranium exploration and the fact that a tract of land was thrown open for staking north of Elliott Lake, it was felt that your Company, in association with four others, should try to stake claims in the area. To this end our vice-president, Mr. W. C. Arrowsmith, B.Sc., whose past experience in the Canadian mining field is wide and varied, was commissioned to move into the area with a group of experienced stakers. I need not remind you of the large number of other mining companies and individuals who were also interested in staking claims and I am sure this staking rush was so widely publicized it will not be necessary for me to impress on you the odds against acquiring properties in this wild rush. However I am pleased to report that Mr. Arrowsmith was responsible for staking 7 claims at a cost to your Company of slightly over \$700.00, which represents a 20% interest for North Rock. An evaluation of these claims has not been made as yet but rest assured you will be hearing more about this property in the future. I might add that the acquisition of these claims was a herculean feat and Mr. Arrowsmith is to be well complimented on his success.

Base Metal Property in Richmond Gulf-Northern Quebec — For some years now Mr. Arrowsmith has been checking over geological information regarding these newly acquired (through staking) claims. He has furthered

this with conversations with Mr. D. W. Sullivan, P.Eng., who visited this area in 1956. Both these men are of the opinion that the property has potential but only after careful prospecting and, if warranted, diamond drilling. Arrangements are being made to further explore this property when weather conditions permit. According to a report to the Company dated November 30, 1967, Mr. Sullivan notes that copper mineralization was seen in the upper horizon of the pink ferruginous arkose of the Richmond Gulf Formation two miles south by southeast of the North Rock property and since this same formation extends north along the coast for several miles and has a relatively flat south-west dip of 2° to 5°, it is reasonable to assume that it underlies the entire property. North Rock has staked 44 claims in this block and the search is for copper.

Favourable Lake - Silver Prospect — In view of the renewed interest in the Favourable Lake area of northwestern Ontario, it is the intention of your Company to carry out further exploration on this silver prospect. The property was tested a few years back by diamond drilling and the results were inconclusive. But in view of the recent increase in the price of silver and the activity in this area, your Company's management is of the opinion that a re-evaluation of the property should be made. In the event conditions permit a diamond drilling program will be instituted sometime this year.

Golsil Mines Limited — Much can be written about this gold-silver-lead-zinc property also located in the Favourable Lake area, but time and space does not permit it. As you are aware, your Company holds 1,490,650 shares of Golsil Mines Limited (of which 495,325 are subject to an option in favour of Asta Corporation Limited) and we are naturally quite interested in the progress and development of this property. At the time of this writing Golsil — with the settlement made from the fire insurance — has embarked on a rehabilitation program. The power house destroyed by fire has now been completely rebuilt along with a new dry house. My understanding is that there is a diesel ready to be mounted on its own foundation which is now being prepared. The oil and other supplies, in part, have been delivered to the property and motors and other machinery are being repaired. It is the intention of Golsil's management to reinstall the power plant and then dewater the shaft preparatory to furthering their underground development on either the 490 or the 740 foot level or both. In any event I am of the firm opinion that we can expect to hear a great deal more about this exploration program in the near future.

Additional Program — Your company also participates with two other junior exploration companies in a property to the north of the Golsil property at South Trout Lake (also in the Favourable Lake area). A geophysical survey has uncovered three anomalies on this property and it was planned to explore it more completely on the findings underground by Golsil. However in view of the renewed activity in the area and the recent rise in the price of silver, plus the modest amount needed for an exploratory drilling program, it is felt that if the finances of the Company permit a diamond drilling program will be instituted to at least probe the more important-looking anomalies. A tentative program has been outlined and just as soon as weather conditions permit and a drilling rig is available, it is hoped that this program will start.

As you can readily see from the above, your Company has earmarked a great deal of activity in the exploration of the Favourable Lake area, which I think you will agree is a logical step in view of the new and widening interest by others in this area (including the search for uranium) and because of our holdings there. I also feel that the Richmond Gulf property offers an interesting challenge. . . . Looks like a busy year ahead.

You will find audited Financial Statements for the year ended November 30, 1967, submitted herewith for your approval. Enclosed also is the Notice of our Annual Meeting called for Tuesday, May 7, 1968 at Suite 507, 55 York Street, Toronto, starting at 10:15 a.m. I am looking forward to a good attendance — but if you find it not possible to attend, there is a proxy form enclosed (together with the Information Circular) by which you may exercise your vote by mail.

Be assured that I will keep in touch with you in the coming year to see to it that you are fully informed of your Company's activities and progress.

On behalf of the Board of Directors,

A. J. LEWIS, President.

April 5, 1968.

NORTH ROCK EXPLORATIONS LIMITED

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the management of North Rock Explorations Limited (the "Company") of proxies to be voted at the annual meeting of the shareholders of the Company called for the purposes set forth in the accompanying notice of meeting and to be held at Suite 507, 55 York Street, Toronto, Ontario on May 7, 1968, and at any adjournment or adjournments thereof. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by the directors of the Company. The cost of such solicitation will be borne by the Company.

Revocation of Proxy

A shareholder executing the accompanying instrument of proxy has the power to revoke it at any time before it is exercised by giving notice in writing of such revocation to the Secretary-Treasurer of the Company or to the Chairman of the meeting.

Voting Shares

The authorized capital of the Company consists of 3,000,000 shares with a par value of \$1.00 each of which 1,455,000 shares are presently outstanding. Shareholders of record at the time of the meeting are entitled to one vote for each share held.

To the knowledge of the directors and senior officers of the Company the following is the only person or corporation who beneficially owns, directly or indirectly, more than 10% of the shares of the Company:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
Asta Corporation Limited	258,124	17.1%

Election of Directors

It is proposed that the following persons will be nominated for election as directors of the Company to hold office from the date of election until the first following annual meeting of shareholders of the Company or until their respective successors shall be elected or appointed. The following is information concerning the proposed nominees for election as directors. Information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Nominee has Served as Director of the Company</u>	<u>Number of Shares of the Company Beneficially Owned (Directly and Indirectly)</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
A. J. Lewis	President	Since November 9, 1962	*258,524	Broker-Dealer, Asta Corporation Limited
W. C. Arrowsmith	Vice-President	Since February 16, 1959	25	Prospector
J. A. Murphy	Secretary-Treasurer	Since December 11, 1962	10	Corporate Secretary and Accountant
E. E. Ott	None	Since May 29, 1967	4	Chartered Accountant
Marilyn M. Collier	None	Since May 29, 1967	3	Secretary and Bookkeeper, Secorp Limited (June 1966 to Date) Seniority Investments Ltd. (1963 to June 1966)

*Of the shares shown opposite the name of Mr. Lewis 258,124 are owned by Asta Corporation Limited.

Asta Corporation Limited is a registered broker-dealer and is engaged in the securities business.

Secorp Limited is engaged in the business of providing secretarial services to various companies.

Seniority Investments Limited is engaged in the business of real estate investment.

Mr. A. J. Lewis is the principal shareholder of Asta Corporation Limited which owns 258,124 shares of the Company. Ruby G. Lewis, the wife of Mr. Lewis, is the principal shareholder of Queensway Mines Limited and Lemu Investments Limited which own 10,800 shares and 3,120 shares of the Company respectively.

Remuneration of Management

The aggregate direct remuneration paid or payable to the directors of the Company, as such, during the financial year of the Company ended November 30, 1967 was \$175.00. No remuneration was paid or is payable to the senior officers of the Company, as such, in respect of such year. Mr. W. C. Arrowsmith, a director and senior officer, received consulting fees of \$650 for the year ended November 30, 1967.

Appointment of Auditors

Action is to be taken at the meeting with respect to the appointment of Messrs. Thorne, Gunn, Helliwell & Christenson as the auditors of the Company.

Material Transactions

The Company has reinstated an option given in 1962 to Asta Corporation Limited on shares of Golsil Mines Limited held by the Company. The option was reinstated on 495,325 shares at an exercise price of 10¢ per share.

General Information

Information contained herein is given as of April 5, 1968. Management knows of no matters to come before the annual meeting of shareholders other than the matters set forth in the enclosed notice of meeting. Receipt at the meeting of the financial statements of the Company as at November 30, 1967 and the report of the auditors thereon will not constitute approval or disapproval of such financial statements and report.
April 1, 1968.

April 5, 1968.

NORTH ROCK EXPLORATIONS LIMITED

(Incorporated under the laws of the Province of Ontario)

B A L A N C E S H E E T

As at November 30, 1967

(With comparative figures as at November 30, 1966)

	ASSETS	1967	1966
Current assets			
Cash		\$ 8,004.25	\$ 13,290.55
Marketable securities, at cost (market value 1967—\$11,000.00; 1966—\$10,365.00)		6,073.64	6,073.64
Miscellaneous receivables		—	534.61
		<u>\$ 14,077.89</u>	<u>\$ 19,898.80</u>
Investment in Golsil Mines Limited (Note 1)			
Shares, at cost less proceeds from sale		\$ 19,532.50	\$ 20,001.50
Advances		12,413.20	12,552.20
		<u>\$ 31,945.70</u>	<u>\$ 32,553.70</u>
Fixed assets			
Mining claims (Notes 2, 3 and 4)		\$ 7,645.84	\$ 12,695.84
Office furniture and equipment, at written down value		1.00	1.00
		<u>\$ 7,646.84</u>	<u>\$ 12,696.84</u>
Deferred expenditures			
Exploration, development and administrative expenditures, per statement		\$ 97,569.75	\$ 89,611.38
		<u>\$151,240.18</u>	<u>\$154,760.72</u>
	LIABILITIES	1967	1966
Current liabilities			
Accounts payable		\$ 2,781.63	\$ 6,177.71
Shareholders' equity			
Capital stock			
Authorized:			
3,000,000 shares, par value \$1.00 each			
Issued and fully paid:			
1,455,000 shares		\$1,455,000.00	\$1,455,000.00
Less — discount thereon		1,217,937.87	1,217,937.87
		<u>\$237,062.13</u>	<u>\$237,062.13</u>
Contributed surplus —			
arising from the reduction of capital stock on January 28, 1963		748,248.54	748,248.54
		<u>\$985,310.67</u>	<u>\$985,310.67</u>
Deficit, per statement		836,852.12	836,727.66
		<u>\$148,458.55</u>	<u>\$148,583.01</u>
		<u>\$151,240.18</u>	<u>\$154,760.72</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

A. J. LEWIS (Director)

J. A. MURPHY (Director)

AUDITORS' REPORT

To the Shareholders of
NORTH ROCK EXPLORATIONS LIMITED

We have examined the balance sheet of North Rock Explorations Limited as at November 30, 1967 and the statements of deferred exploration, development and administrative expenditures, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1967 and its activities and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 5, 1968.

FISHER, NISKER & COMPANY,
Chartered Accountants.

NORTH ROCK EXPLORATIONS LIMITED

DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

For the Year Ended November 30, 1967

(With comparative figures for the year ended November 30, 1966)

	1967	1966
Exploration and development		
Diamond drilling	\$ 36,383.78	\$ 10,250.11
Engineering fees and expenses	7,848.96	537.50
Travel and transportation	743.01	1,959.14
Government fees, licenses and taxes	367.81	879.15
Assays	501.25	—
Equipment rental	625.00	—
Trenching and blasting	—	672.80
Miscellaneous	5.65	591.96
	<u>\$ 46,475.46</u>	<u>\$ 14,890.66</u>
Administrative		
Legal and audit fees	\$ 1,420.00	\$ 1,177.00
Transfer agent's fees and expenses	1,522.96	2,312.80
Shareholders' information, including meeting costs	2,587.78	903.24
Stock exchange fee	100.00	100.00
Directors' fees	175.00	250.00
Travelling	56.00	—
Miscellaneous, including telephone	304.25	989.80
	<u>\$ 6,165.99</u>	<u>\$ 5,732.84</u>
Less—interest and dividends received	683.08	458.99
	<u>\$ 5,482.91</u>	<u>\$ 5,273.85</u>
Total expenditures for the year	<u>\$ 51,958.37</u>	<u>\$ 20,164.51</u>
Deduct—excess of proceeds over pro-rata cost of 50% interest in Blind River Area claims sold during year (Note 3)	44,000.00	—
	<u>\$ 7,958.37</u>	<u>\$ 20,164.51</u>
Balance deferred at beginning of year	89,611.38	119,343.06
	<u>\$ 97,569.75</u>	<u>\$ 139,507.57</u>
Deduct—expenditures on mining claims and option abandoned—written off to deficit	—	49,896.19
Balance deferred at end of year	<u><u>\$ 97,569.75</u></u>	<u><u>\$ 89,611.38</u></u>

SUMMARY OF DEFERRED EXPENDITURES

Exploration and development			
Blind River, Ontario	\$116,054.06		
Less—excess of proceeds over pro-rata cost of 50% interest sold during the year	<u>44,000.00</u>	\$ 72,054.06	\$ 69,685.45
Thunder Bay, Ontario		44.10	36.75
Favourable Lake, Ontario		12,977.27	12,877.77
		<u>\$ 85,075.43</u>	<u>\$ 82,599.97</u>
Administrative		12,494.32	7,011.41
		<u><u>\$ 97,569.75</u></u>	<u><u>\$ 89,611.38</u></u>

NORTH ROCK EXPLORATIONS LIMITED

STATEMENT OF DEFICIT

For the Year Ended November 30, 1967

(With comparative figures for the year ended November 30, 1966)

	1967	1966
Balance at beginning of year	\$836,727.66	\$780,799.25
Additions during year		
Cost of mining claims and option abandoned	\$ —	\$ 10,289.72
Prospecting license in Ireland, abandoned	—	1.00
Exploration and development expenditures incurred thereon	—	38,296.19
Administrative expenditures apportioned thereto	—	11,600.00
Additional exploration expenditures applicable to mining claims abandoned in prior year	124.46	—
	\$ 124.46	\$ 60,186.91
	\$836,852.12	\$840,986.16
Deductions during year		
Profit on sale of marketable securities	—	4,258.50
Balance at end of year	\$836,852.12	\$836,727.66

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended November 30, 1967

(With comparative figures for the year ended November 30, 1966)

	1967	1966
Source of funds		
Proceeds from sale of shares of Golsil Mines Limited	\$ 469.00	\$ 11,462.50
Repayments of advances by Golsil Mines Limited	139.00	10,000.00
Profit on sale of marketable securities	—	4,258.50
Sale of 50% interest in mining claims	50,000.00	—
	\$ 50,608.00	\$ 25,721.00
Application of funds		
Exploration, development and administrative expenditures	\$ 51,958.37	\$ 20,164.51
Less—expenditures not involving an outlay of funds during the year	—	405.11
	\$ 51,958.37	\$ 19,759.40
Additional expenditures applicable to mining claims abandoned in prior years	124.46	—
Acquisition of mining claims	950.00	1,125.00
	\$ 53,032.83	\$ 20,884.40
Increase (decrease) in working capital	(\$ 2,424.83)	\$ 4,836.60
Working capital at beginning of year	13,721.09	8,884.49
Working capital at end of year	\$ 11,296.26	\$ 13,721.09
Represented by:		
Current assets	\$ 14,077.89	\$ 19,898.80
Current liabilities	2,781.63	6,177.71
	\$ 11,296.26	\$ 13,721.09

NORTH ROCK EXPLORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

November 30, 1967

Note 1—Investment in Golsil Mines Limited

By an agreement dated December 11, 1962, the company granted a broker-dealer an option to purchase all or any part of 850,000 shares of Golsil Mines Limited held by the company at a price of 10¢ per share (now equivalent to 1,700,000 shares as presently constituted at 5¢ per share). This broker-dealer is acting as the agent for Golsil Mines Limited in the sale of its capital stock. The aforementioned option is exercisable at the rate of one share for every three shares of Golsil Mines sold by the broker-dealer under the agency agreement. Pursuant to this option, the company sold 709,350 shares (as presently constituted) of Golsil Mines Limited to November 30, 1967 (9,380 shares sold during the year ended November 30, 1967).

At November 30, 1967 the company held 1,490,650 shares (as presently constituted) of Golsil Mines Limited (500,650 free shares and 990,000 escrowed shares).

Note 2—Mining claims

Blind River Area, Township 144, Ontario:

	1967	1966
17 leasehold mining claims, acquired for 20,000 shares of the company's capital stock (as presently constituted)	\$ 12,000.00	\$ 12,000.00
Less—pro-rata cost of 50% interest sold during year (Note 3)	6,000.00	
	<u>\$ 6,000.00</u>	

Thunder Bay Area, Ontario:

1 leasehold claim, at written down value	1.00	1.00
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Favourable Lake Area, Ontario:

26 unpatented mining claims, at cost of staking	993.00	643.00
1/3 interest in 17 unpatented mining claims, at cost of staking	51.84	51.84

Richmond Gulf Area, Quebec:

44 mining claims held under miners' license, at cost of staking	600.00	—
	<u>\$ 7,645.84</u>	<u>\$ 12,695.84</u>

Note 3—Sale of 50% interest in Blind River claims

During the year the company received from Green Valley Mines Limited a total of \$50,000.00 for use in exploration of its Blind River Area claims. In consideration for such payments, Green Valley Mines Limited earned a 50% interest in the claims.

Note 4—Option on company's Blind River claims

By agreement dated November 14, 1967, the company and Green Valley Mines Limited granted to Stanrock Uranium Mines Limited a working option on the aforementioned claims.

In consideration of Stanrock drilling a hole to basement rock on the property, or expending a minimum of \$25,000.00 on such drilling, Stanrock has the option to acquire a 51% interest in the property. To exercise the option, Stanrock must expend or firmly commit itself to expend an additional \$120,000.00 on exploration of the property, such additional expenditure or firm commitment to be made before the end of the calendar year subsequent to 1972, in which Canadian produced uranium oxide will be selling on the free market at a price not less than \$13.00 per pound, but not later than ten years from the date of the agreement.

Note 5—Directors' and officers' remuneration

Remuneration paid or payable to directors and officers for the 1967 fiscal year is as follows:

Directors' fees	\$175.00
For engineering services	650.00
	<u>\$825.00</u>

